

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

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NOTICE OF EMERGENCY RULEMAKING

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The Director of the Department of Housing and Community Development (Department), pursuant to the authority set forth in §5(d) of the Community Development Act of 1975 (December 16, 1975), D.C. Law 1-39 (D.C. Official Code §6-1004(c) and (d) (2001 ed.)) and Mayor's Order 76-111, 22 DCR 6367 (May 14, 1976), hereby gives notice of the adoption, on an emergency basis, of amendments to Chapter 28 of Title 14 DCMR (Housing) governing the administration and operation of the Single Family Residential Rehabilitation Program (Program). Specifically, the Director proposes to suspend paragraphs 2801.1, 2801.2, 2801.12, 2802.1, 2802.2, 2803.1(c), 2805.6, 2807.6, 2807.7, and 2809.1(a); suspend subsections 2806, 2808, 2810, and 2811; amend paragraphs 2801.4, 2803.1, 2803.2(a), 2805.1, 2805.4, 2805.5 and 2899.1; amend the title to subsection 2812; and delete paragraphs 2801.13 and 2803.2(d).

The purpose of this emergency rulemaking is to suspend, amend or delete certain sections of the regulation for the purposes of permitting the Program to resume operation in a more efficient and effective manner. In July 2003, the Department determined that the Program was not operating in the most efficient manner and therefore was not benefiting the citizens as intended. Further, the Program was not in full compliance with regulatory authority. The Department suspended program operation to allow itself time to correct certain design deficiencies. However, in the wake of recent weather events and in anticipation of a severe winter season, there is a drastic need to resume the more effective provisions of affordable home repair assistance to lower-income District residents. The Department seeks to suspend application of those sections of the regulation that impede the Department's current ability to offer direct loans and grants from annual Federal and District appropriations in a timely manner, thereby resuming the Program in an abbreviated form. During this period the Department will continue to redesign the Program and prepare amended regulations to better meet the need for rehabilitation assistance and more clearly align with statutory requirements.

This Emergency Rulemaking will suspend the requirement that the Department engage in a leveraged loan program; suspend authority to refinance existing homeowner debt or to provide financing on behalf of investor-owned properties; suspend authority to assist households with incomes of more than 80 percent of the Area Median Income; amend the language to disallow funding for repairs that do not address code violations or remove threats to health and safety; and redefine the method for calculating home value during the underwriting process.

Adoption of this emergency rule will enable the Department to immediately resume making amortized and deferred loans or grants to lower-income households to finance a variety of home repair projects that correct violations of District housing codes and remove hazards to occupant health and safety, including hazards caused by the presence of lead-based paint.

This emergency rule will expire 90 days from publication or upon publication of a Notice of Final Rulemaking in the D.C. Register, whichever occurs first.

Single Family Residential Rehabilitation Program

Chapter 28 (Single Family Residential Rehabilitation Program) of Title 14 DCMR is amended as follows:

Paragraph 2801.1 is suspended.

Paragraph 2801.2 is suspended.

Paragraph 2801.4 is amended by striking the phrases "and investor-owned," and "and multi-family".

Paragraph 2801.12 is suspended.

Paragraph 2801.13 is deleted.

Paragraph 2802.1 is suspended.

Paragraph 2802.2 is suspended.

Paragraph 2803.1 is amended by striking the comma after the word "expenses" and the phrase "which shall constitute not less than eighty percent (80%) of the total amount financed by either a leveraged loan or a direct loan".

Paragraph 2803.1(c) is suspended.

Paragraph 2803.2(a) is amended by striking the phrase "of property which exceed twenty percent (20%) of the rehabilitation construction costs".

Paragraph 2803.2(d) is deleted.

Paragraph 2805.1 is amended by striking the words "leveraged and".

Paragraph 2805.4 is amended by deleting the phrase "'as-is' value of the property plus the estimated cost of rehabilitation" and inserting the phrase "'as-is' value of the property subject to completion of rehabilitation" in its place.

Paragraph 2805.5 is amended by striking the phrase "'as-is' value" and inserting the phrase "'as-is' value of the property subject to completion of rehabilitation" in its place.

Paragraph 2805.6 is suspended.

Subsection 2806 is suspended.

Paragraph 2807.6 is suspended.

Paragraph 2807.7 is suspended.

Subsection 2808 is suspended.

Paragraph 2809.1(a) is suspended.

Subsection 2810 is suspended.

Subsection 2811 is suspended.

Subsection 2812 is amended to read "CONFLICT OF INTEREST OF PUBLIC BODY".

Subsection 2899.1 is amended by deleting the definition of "moderate income".

Any person desiring to comment on these proposed rules should submit comments in writing, not later than thirty (30) days from the date of publication of this notice in the D.C. Register, to Paul Cohn, Interim Program Manager, Single Family Residential Rehabilitation Program, Department of Housing and Community Development, 801 North Capitol Street, N.E., 6<sup>th</sup> Floor, Washington, DC 20002. Additional copies of these proposed rules may be obtained at that address.